THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (d) The Planning Commission had constituted an Advisory Group on Tax Policy and Administration for the Tenth Five Year Plan. The Advisory Group had submitted its report and gave various recommendations, which were considered as part of the Budget exercise. The decision of the Government with regard to these recommendations would be reflected in the Finance Bill as passed by the Parliament.

**Non-modvatable tax on bicycle industry**

3139. SHRI K.B. KRISHNAMURTHY: Will the Minister of FINANCE be pleased to state:

(a) the reasons for choosing the bicycle industry to impose a punitive 4 per cent non-modvatable excise tax on non-motorized bicycles which add upto 12 per cent on the selling price of the common man's vehicle;

(b) whether far eastern countries like China, Japan, South Korea encourage the habit of cycling for better health and contain pollution in urban areas aggravated by motor vehicles; and

(c) whether the small scale units are exempted from such levy of excise total turnover being less than Rs. 1.00 crore, units upsetting the revenue estimates of Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) In this year's budget, the Government has imposed a nominal excise levy of 4 per cent *ad valorem* (without cenvat credit facility) on a number of commodities including bicycles. This has been done to gradually widen the tax base.

(b) Government have no information on this issue.

(c) Excise exemption upto Rs. 1 crore is applicable to bicycle subject to specified conditions, as part of general policy for small scale units.